



BILL DRAFT 2007-RBz-41: Modify PEG Channel Grant Program

BILL ANALYSIS

Committee:	Revenue Laws Study Committee	Date:	April 30, 2008
Introduced by:		Summary by:	Cindy Avrette
Version:	Bill Draft		Committee Staff

SUMMARY: *This bill draft would make several changes to the PEG Channel Grant Program. The e-NC Authority, which administers the Fund, recommends the proposed changes to the Revenue Laws Study Committee. The bill would become effective when it becomes law and apply to grants made on or after July 1, 2008.*

CURRENT LAW: In 2006, the General Assembly created the PEG Channel Grant Fund. The purpose of the Fund is to provide matching grants to counties and cities for PEG channel support. The e-NC Authority administers the Fund.¹ A grant may only be used for capital expenditures necessary to provide PEG channels. The size of a grant may not exceed \$25,000 and an applicant may receive no more than one grant per fiscal year. The applicant must match the grant on a dollar-for-dollar basis. The Authority must publish an annual report on the grants awarded from the Fund.

The revenue in the Fund consists of revenue allocated to it under G.S. 105-164.44I(b) and any other revenues appropriated to it. In 2007, the General Assembly appropriated \$1,000,000 to the Fund. G.S. 105-164.44I provides that of the revenue distributable to local governments under that statute, \$2,000,000 a year is allocated for supplemental PEG channel support to qualifying PEG channels. If the amount to be distributed for qualifying PEG channels in a fiscal year is less than \$2,000,000, the excess is credited to the PEG Channel Fund. At the time the General Assembly created the Fund, it believed there would be excess revenue to credit to the Fund. However, that has not proved to be the case.

BILL ANALYSIS: This bill draft comes as a recommendation from the e-NC Authority, which administers the PEG Channel Grant Program. The recommended changes are as follows:

- It would allow the e-NC Authority to use up to 3% of the Fund, not to exceed \$60,000 annually, to cover its expenses in grant letting and monitoring.
- It would provide a different match amount. Current law requires a dollar for dollar match amount. The proposal would require a 25% match amount for applicants in development tier one areas, a 50% match amount of applicants in development tier two areas, and a 75% match amount for applicants in a development tier three area.
- It would provide that a county or city applying for a grant may vest ownership in the capital expenditure purchased with the grant monies with the PEG channel operator.

¹ The e-NC Authority is charged with managing and promoting high-speed broadband Internet access.